

STATES OF JERSEY



**EXPENDITURE PROPOSALS FOR 2012
AND 2013 AND DRAFT BUDGET
STATEMENT 2011 (P.157/2010):
AMENDMENT (P.157/2010 Amd.) –
SECOND AMENDMENT
(P.157/2010 Amd.Amd.(2)) – COMMENTS**

Presented to the States on 7th December 2010
by the Council of Ministers

STATES GREFFE

COMMENTS

The Council of Ministers opposes this amendment for the following reasons –

- The Budget proposal to increase the income tax exemption thresholds is intended to provide some relief to those on lower incomes generally, rather than specifically to do with the proposed increase in GST.
- Accordingly, the justification for the proposed increase remains, even if the proposal to increase GST is delayed until next year.
- The increase of 1.1% is in line with average earnings growth last year and therefore can be justified. It will cost about £1.5 million a year from 2012 in lower tax revenues. There is less justification for any higher rate of increase, particularly if the introduction of any increase in the rate of GST were to be approved.
- The Minister for Treasury and Resources' proposal helps to balance the financial challenges that the States face, and the need to share fairly the effects of the proposed Budget measures on Islanders and businesses against the loss of revenue which it entails.